



"Experience may or may not be the best teacher, but it's certainly the hardest – nowhere else do you get the test first, the lesson later."

Purchasing Update

Division of Purchasing, Idaho Department of Administration
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NIGP Seminars in 2004

The Division of Purchasing is pleased to announce professional training through the National Institute of Governmental Purchasing, Inc. (NIGP). The seminar schedule for 2004 is as follows:

Intermediate Public Procurement - April 7-9, 2004, Boise (3 days)

A follow-up to the General Public Procurement seminar focusing on managing the purchasing function and includes discussion on inventory management and procedures.

Who Should Attend?

All public officials who purchase goods and/or services or manage materials for governmental units and others interested in obtaining purchasing knowledge. Participation in the General Public Procurement seminar prior to this seminar is recommended but not required.

Seminar Outline:

- Materials Management in the Public Sector: An Overview
- Legal Requirements
- Meeting the Organization's Needs
- Controlling Transportation and Traffic
- Selecting a Procurement Method
- Contract Administration
- Procurement Automation
- Stores Management and Warehousing
- Inventory Management
- MRO Acquisition
- Procuring Capital Equipment
- Purchasing Construction Services

The cost for this seminar is \$450. Please register online at:

<http://www2.state.id.us/adm/purchasing/RegistrationForm.htm>

Registration deadline is **March 12, 2004**.

Review for the CPPO Exam - Tentative for June 17, 18 2004, Boise (2 days)

In an effort to prepare candidates for the written portion of the professional CPPO exam containing 240 questions, this course provides a review that incorporates key information contained in the NIGP core curriculum and the CPPB and CPPO Review Guides, as well as an explanation of the exam format, test taking tips, pretest samples, and a review of specific topics that have historically been problematic for candidates.

The cost for this seminar is \$325. This preliminary information, registration is not available yet.

Basic Legal Principles in Public Purchasing - Tentative for September 17, 2004, Boise (1 day)

This special topic workshop is designed to teach public purchasing professionals and those who have significant public purchasing responsibilities, the basic legal principles, laws, and practices that guide and affect public purchasing and contracting.

Students who complete this workshop will be able to:

- Distinguish between binding and non-binding agreements and identify the basic rules of contract interpretation
- Determine who can be an agent and identify the scope and limits of agency
- Identify the basic laws which affect commerce and public purchasing and be able to apply them to specific situations
- Identify illegal market practices, recognize them when they take place and identify the consequences of such practices
- Identify the principles and practices of patents and copyrights and be able to recognize and avoid potential violations
- Identify and apply appropriate contract terms and conditions for specific situations

The cost for this seminar is \$140. This is preliminary information, registration is not available yet.

Sicommnet Update

The State of Idaho, Division of Purchasing is inviting vendors to participate in a survey to solicit feedback on a change under consideration to its electronic purchasing system. During February, selected vendors from Buy Idaho, the Idaho Business Network, and vendors registered with Sicommnet will be receiving an email with the following information and asking them to please respond to our survey. For your information here is the basic text of that email (without the email link):

Dear Valued Supplier:

The Division of Purchasing exclusively uses a third party Application Service Provider, Sicommnet (Secure Internet Commerce Network) to provide both its internal and vendor online e-procurement services. In order to see and respond to the solicitations online, vendors must be registered with Sicommnet. Under the current model, Sicommnet offers 3 Service Plans to vendors, which include:

- The Access Plan (manual search of opportunities)
- The Economy Plan (e-mail notifications)
- The Productivity Plan (premier plan which includes email notification of bid opportunities, and also provides vendors with their own electronic business-to-business (B2B) bidding system)

The Division of Purchasing is considering moving to an eCommerce business model that would remove all costs associated with service plans, and essentially create one service plan for the State. All Idaho resident vendors would be upgraded to the Productivity Plan at no cost. This premier plan includes 1) automatic e-mail or fax notification of bidding opportunities from Idaho, 2) opportunities

from an additional 700+ public agencies nationwide (these represent a minimum increase of 70,000 new bidding opportunities yearly), and 3) the business-to-business (B2B) module explained in detail below.

Under the new model, the winning vendor in a bid situation would pay a 1% transaction fee, calculated on the purchase order or contract award amount. The transaction fee would be paid directly to Sicomnet. The fee would apply on orders up to \$5 million dollars, and thereafter it would be tiered. The fee on blanket term contracts (indefinite delivery/indefinite quantity types) would be paid quarterly as purchases by the State are tracked and reported by the contractor.

How About Existing Contracts? The transaction fee would not apply to any orders or contracts already in place. It would only apply to new bids issued after the plan is implemented.

Would All Winning Vendors Have To Pay The Transaction Fee? Yes. In order to maintain equality in bidding, all vendors who receive an award from a bid would pay the transaction fee, whether or not they submitted their bid electronically or manually by paper means. The fee would not apply to orders or contracts issued by the State that are not competitively bid, such as emergency orders or sole source procurements.

Is This The Only Time A Vendor Will Pay A Fee? Yes, this is the only e-procurement fee. There are no hidden fees, nor are there additional fees for registration, receiving, or responding to any Idaho solicitation.

Benefits To The State Vendors will get automatic notification of all bidding opportunities in their selected commodities, ensuring that no registered vendor gets left out. Notifications would come by either e-mail or fax. Fax notification would be a new feature and would be primarily directed to those vendors without e-mail. This would remove a significant barrier to vendor awareness of bidding opportunities.

The transaction fee model is in use in several states, among them the States of North Carolina, Virginia, Maryland and Florida. Buy Idaho supports this proposed change and has endorsed this new model.

Q&A - Determining Bid Limits

Question: Our agency purchases many of the same low-cost items every month. For these low-cost repetitive purchases must we aggregate all the purchases to determine if they exceed \$5,000 and require competitive bidding?

Answer: There is nothing in statute or rule that specifically requires an agency to aggregate the repetitive purchasing of low-cost goods to determine bid levels. Rule 44.08 simply states: "...if the property to be acquired is expected to cost less than five thousand dollars (\$5,000), it may be acquired as each agency sees fit, in accordance with good business practices and in the best interest of the state." However, just because it is not a law does not mean it is not a good idea. Agencies are always encouraged to look closely at their purchasing activity and determine the best methods for acquiring their needs. Repetitive purchases of consumables are considered in Rule 84.01 as being potential candidates for price agreements and are also addressed in some Policy Directives (vaccines, copyrighted materials) as being exempt purchases.

That being said, many statewide contract purchases are less than \$5,000 and while there is no legal requirement for the Division of Purchasing to bid and create these contracts for you, we do so because it is presumed that we will get better pricing and in the best interests of the state. There are statutes and rules that allow us to bid and negotiate contracts and price agreements where we see fit in the best interest of the state.

Our guidance is to use common sense. If you know what your requirements are for an extended period of time, then why not attempt to get better pricing for your agency through the competitive bidding process (price agreements, blanket contracts, etc.)? That is the role of the professional buyer and why we were hired.

Question: What about the rule on splitting of requirements?

Answer: Rule 44.02 says: "Acquisition requirements shall not be artificially divided to avoid bid procedures, rules or policies." Purchasing the same items weekly or monthly (replenishment of supplies or consumables) does not logically fall into the "splitting of requirements" prohibition. Taken in the context of Rule 44 (which defines purchases under \$50,000), it applies when a person *purposely* splits a requisition of a "one-time purchase" or "contract for services" to avoid the bidding requirement.

New Employee at DOP

The Division of Purchasing welcomes new employee Joey Barnes. Joey comes to us from the State of Alaska where she worked in state government in our equivalent of PERSI. Joey will be providing clerical support for the purchasing staff.



Training Opportunities

The Division of Purchasing is offering the following seminars in Boise in 2004:

February 26, 2004 - Introduction to Idaho Public Purchasing

March 25, 2004 - Guidelines for Developing and Evaluating a Request for Proposal

April 22, 2004 - Writing Effective Specifications

Registrations are now being accepted for these seminars. For more information and to register online go to: <http://www2.state.id.us/adm/purchasing/training.htm>

These same seminars will also be offered in Northern and Eastern Idaho in the spring. When available, an announcement will be made in this newsletter and on the purchasing web site.

NIGP Local Chapter Now Forming

A group of local governmental purchasing professionals are forming a local chapter of NIGP. If you have been around for a while you may recall that a local chapter existed in the 80's but eventually disbanded. An organizational meeting was held on Wednesday night, January 28 and decision was made to reactivate this organization. Membership will be open to all State, Federal, City, County, school districts, and all other public agency employees involved in the purchasing or materials management functions.



Contract Updates

Vehicles – The web site now has a 2004 Vehicle Order Form for agency use. Please use this form and attach it to your Sicommnet electronic requisition.

Tires – Contracts SBPO 1088, Les Schwab and SBPO 1090, Goodyear have been extended for 6 months expiring 7/31/2004.

Engraved Signs – SBPO 1173 has been awarded to New Day Products (SWIFT) for three years expiring 12/26/2006.

Office Supplies – The current contract will expire 2/28/2004 and is being rebid at this time.

Photocopiers - The current contracts will expire 1/31/2004 are being rebid.

Merchant Processing Services – This is a new statewide contract primarily for credit card processing and will be out to bid in February with an expected start date of April 1.

Court Reporting Services – Most of these price agreements have been renewed and now expire 3/31/2005.

Carbonless Cut Sheet Forms – SBPO 1178 (former SBPO 1105), Progressive Printing has been renewed for another year and will expire 4/30/2005.

IDANET Master Service Agreement – Telecommunications Services contract SBPO 1150-01 with Electric Lightwave, Inc. has been amended to include pricing for DS1, DS3, and PRI and Value Trunk.

Audio & Video Tapes – This contract has expired and is being considered for rebid. Agencies may use best business practices or bid as required.

Auto Glass Replacement for Zone 6, Pocatello – The vendor, EI Fuel Injection & Turbo, is out of business. This contract is cancelled. Agencies may use best business practices or bid as required.

Purchasing Card – This contract with Wells Fargo is currently being renewed for an additional 5 year period.

Microsoft Select Software – SBPO 1116, ASAP Software Express – Updated information on how to use the contract and contact the right people is now available on the web site.

Purchasing Update is a newsletter for the **Department of Administration, Division of Purchasing** designed to provide purchasing information to state and public agency purchasing personnel. Anyone wishing to contribute information and ideas for future articles; has questions regarding state purchasing issues; the **Division of Purchasing** mission or activities, please contact Frank Pierce at (208)-327-7322 or fpierce@adm.state.id.us